

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	February 5, 2024
Action Required:	Adopt the Affordable Dwelling Unit (ADU) Monitoring and Procedures Manual as it serves as a crucial tool in promoting transparency and understanding of Chapter 34, Section 4.2.2. of the City's Development Code and its Affordable Dwelling Unit Ordinance Program.
Presenter:	Alexander Ikefuna, Director of Community Solutions, Antoine Williams, Housing Program Manager
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Title:	Resolution to adopt the Affordable Dwelling Unit (ADU) Monitoring and Procedures Manual

Background

On December 18, 2023, the Charlottesville City Council took unanimous action to enact a series of transformative measures. These included the repeal and re-ordination of a new Chapter 34 and the repeal of Chapter 29 within the Charlottesville City Code. In conjunction with this comprehensive zoning reform, the Council concurrently deferred the required adoption of the Affordable Dwelling Unit (ADU) Monitoring and Procedure Manual (the "ADU Manual"). Note this deferral was an administrative progression to allow adequate time to harmonize the manual with the newly established ordinance, which is slated to come into effect on February 19, 2024.

Discussion

A. What is the ADU Manual?

The ADU Manual serves as a user-friendly guide aimed at ensuring alignment with the new ordinances by providing essential information for internal and external users regarding the City's ADU and Affordable Housing Plan and complementary procedures and programs of service. The ADU Manual is a comprehensive document designed to:

1. Clarify the requirements and processes related to affordable dwelling units in compliance with the new ordinances to help ensure effective performance and compliance.
2. Offer guidance and instructions to internal staff members involved in administering the ADU programs of service, standard order of procedures, and monitoring and tracking requirements.
3. Assist external stakeholders, including developers and applicants, in understanding the ADU program's key aspects.

B. What is the Purpose and Significance of the ADU Manual?

The ADU Manual plays a crucial role in:

1. Facilitating Compliance: It simplifies the complex requirements of the new ordinances, ensuring that all stakeholders can easily understand and adhere to the regulations related to affordable dwelling units.
2. As an Internal Resource: For city staff, the manual serves as a valuable internal resource, offering step-by-step procedures, checklists, and templates for efficient program administration.
3. As an External Resource: External users, such as developers and applicants, benefit from a clear and comprehensive resource that guides them through the process of incorporating affordable dwelling units into their projects.

The ADU Manual must align seamlessly with the new ordinance, and it achieves this by:

1. Providing detailed explanations of how the manual complements the ordinances.
2. Ensuring that all information within the manual reflects the current regulations, making it a reliable reference for users.

C. What are the next steps for staff?

1. Publication of the ADU Manual: Finalize the ADU Manual to include essential appendices.
2. Implementation of the Housing Equity Affordable Toolkit (HEAT) Project: Inclusive of establishing a clear timeline for the implementation of the Housing Equity and Anti-Displacement Toolkit (HEAT) Project and its associated program of services.
 - a. **User Education**: Develop educational materials and training sessions for both internal staff and external stakeholders to utilize the ADU Manual effectively.
 - b. **Community Engagement**: Initiate community engagement efforts to gather feedback and address concerns related to the HEAT program and its implementation.
 - c. **Monitoring and Evaluation**: Develop a robust monitoring and evaluation framework to assess the impact of the toolkit over time and make necessary adjustments based on market conditions.
 - d. **Continuous Evaluation and Elevation of Staff Capacity**: Identify the staffing and resource requirements for the effective implementation of the (HEAT) program of service and allocate the necessary resources accordingly.
 - e. **Implementation of HEAT Program of Service**: HEAT's program of services aims to increase affordable housing and strengthen the community by adding 1,100 subsidized homes, preserving 600 homes, and stabilizing living conditions for 1,800-2,200 households by 2025. For FY2024-2025, the HEAT program will include at least seven measures that are essential for deployment or development:
 1. **Land Bank Program**: Currently under evaluation, this program has the potential to create a pipeline of affordable housing units, thereby contributing to an increase in subsidized homes.

2. **Charlottesville Affordable Housing Fund:** Already in effect, this fund actively supports affordable housing initiatives, adding to the stock of subsidized homes. Ongoing evaluations explore opportunities for funding expansion to amplify its impact further.
3. **Charlottesville Supplemental Rental Assistance Program (CSRAP):** Currently in effect and under evaluation for funding and program expansion, CSRAP directly assists households with rental affordability, thereby stabilizing the living situations of those most vulnerable to housing instability.
4. **Real Estate Tax Relief Program:** An active program of the City and is set to open its application period for homeowners effectively on February 1, 2024; this program aids eligible residents in reducing their housing-related financial burden, contributing to household stability.
5. **Tax Increment Rebate Program for Affordable Housing:** Currently under feasibility evaluation, this program has the potential to incentivize affordable housing development, directly aligning with the goal of adding subsidized homes.
6. **Fee Waiver Programs:** Initiatives such as the City of Charlottesville Water & Wastewater Assistance Programs contribute to alleviating the financial strain on households, indirectly supporting housing stability.
7. **Consolidate Strategic Investment Area (SIA) Implementation Fund with Small Area Plan Implementation Fund:** This consolidation streamlines resources for targeted neighborhood revitalization, including affordable housing components, thereby contributing to the addition and preservation of affordable homes.

Alignment with City Council's Vision and Strategic Plan

This request aligns with the following: the 2023 City Council's Strategic Plan Framework Outcome Areas for Housing and Partnerships, the 2021 Affordable Housing Plan, and the 2023 Development Code.

Comprehensive Plan Guiding Principles

- **Equity & Opportunity** – All people will be able to thrive in Charlottesville.
- **Community Culture and Unity** – Charlottesville's rich and diverse culture and form will be celebrated, and the entire community will feel welcomed, valued, and respected.

Affordable Housing Plan

- **Zoning and Land Use** – The Land Bank Program and Tax Increment Rebate Program for Affordable Housing aim to address zoning constraints and promote housing development.
- **Rental Affordability** – CSRAP and the Real Estate Tax Relief Program directly address rental affordability issues.
- **Displacement** – These measures work to counteract the displacement of low-income residents by adding and preserving affordable homes.
- **Housing Instability and Homelessness** – Programs like CSRAP and the Real Estate Tax Relief Program help stabilize living situations and reduce the risk of homelessness.
- **Racial Inequity** – These initiatives aim to benefit marginalized communities facing housing affordability disparities.

- **Low and Stagnant Wages** – By providing financial relief and affordable housing options, these measures could help alleviate the burden on low-wage earners.

Community Engagement

The draft of the ADU Manual presented herein was created based on the suggestions and feedback received from the City Housing Advisory Committee (HAC). The HAC held a meeting on January 17th, during which they voted unanimously in support of the draft. The HAC also requested that the ADU Manual be reviewed annually to assess its performance and to make any necessary updates.

Additionally, there have been several community engagement processes conducted during the planning and development of the Affordable Housing Plan, Comprehensive Plan Update, and Development Code. Prior to adoption, the City Manager's Office of Community Solutions (OCS) met with various community leaders from prospective communities within targeted program areas of the HEAT project, e.g., 10th/ Page, Fifeville, and others, to gather feedback and address concerns related to the housing and anti-displacement efforts. OCS intends to continue this outreach within the following census tracts within the city:

- HEAT Program Area 1, i.e., Census Tract 2.01, 2.02, 7, and 10
 - Rose Hill Neighborhood
 - 10th /Page Neighborhood
- HEAT Program Area 2, i.e., Census Tract 8
 - The Meadows Neighborhood
- HEAT Program Area 3, i.e., Census Tracts 10,5.01 and parts of 4.01
 - Fifeville Neighborhood
 - Ridge St. Neighborhood
 - Star Hill Neighborhood

Note that each of the HEAT Program Areas has concentrated areas where the average cost burden for renters and cost of homeownership rates are from 40% to as high as 69% of the city area's Median Income. Additionally, within these census tracts, the City of Charlottesville, in general, has a medium to high level of social vulnerability.

As cited, CDC/ATSDR Social Vulnerability Index (SVI) as of 2024. **Social vulnerability** refers to the potential negative effects on communities caused by external stresses on human health. Reducing social vulnerability can decrease both human suffering and economic loss.

Source: https://www.atsdr.cdc.gov/placeandhealth/svi/interactive_map.html

Budgetary Impact

There is no budget impact at this time; however, as implementation begins, there may be a need for increased staff capacity.

Recommendation

The ADU Manual is a critical tool that promotes transparency and understanding of the ADU program. It simplifies the complexities of the new ordinances and helps both internal and external users navigate the requirements effectively. Staff recommends adopting the ADU manual as drafted.

The approval of the ADU manual, along with the proposed work actions outlined in Section C and Community Engagement of this staff report, will work towards the goal of promoting housing equity, combating negative development trends, and reducing the risk of displacement in areas with potential implications.

Alternatives

The council may elect not to adopt the ADU manual, which would have a negative effect on the City's goal of increasing permanent affordable housing and addressing homelessness, as the ordinance as a stand-alone regulation does not self-effectuate an actual Housing Program without operation procedures.

Attachments

1. Charlottesville Affordable Dwelling Unit (ADU) Monitoring and Procedures Manual
2. Affordable Dwelling Unit (ADU) Monitoring and Procedures Manual - Council Resolution (2)